1 2 3 4	STRATEGIC LEGAL COUNSELING Louis F. Teran (State Bar No. 249494) Iteran@strategiclegalcounseling.com 1055 East Colorado Blvd., Suite #500 Pasadena, CA 91106 Telephone: (818) 484-3217 x200 Facsimile: (866) 665-8877	CLERK, U.S. DISTRICT COURT  APR - 5 2010
5	Attorney for Plaintiff INHALE, INC.	CENTRAL DISTRICT OF CALIFORNIA DEPUTY
7	LINITED STATES	DISTRICT COURT
8		CT OF CALIFORNIA
9		N DIVISION
0		
11		Cash CV 10-02453 - RCMAN
12	INHALE, INC., a California Corporation   )	Cash CA IO. OZ 4 9 9 COMMIN
13	Plaintiff,	COMPLAINT FOR:
14	(	COM LAMIN TOK.
15	vs.	1) FEDERAL PATENT INFRINGEMENT
16 17	CHINA HOOKAH MANUFACTURING CO. ) LTD., a company located in China;	2) UNFAIR COMPETITION (COMMON LAW)
18 19	VICK TOUZJIAN (d.b.a. TMS International), an individual residing in California;	
20	HABIB IMPORTS, INC., a California  Corporation	DEMAND FOR JURY TRIAL
22	) Defendants	
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### PRELIMINARY STATEMENT

1. Plaintiff Inhale, Inc. (hereinafter "Inhale") brings this action against Defendant China Hookah Manufacturing Co. Ltd. (hereinafter "China Hookah") and Defendant Vick Touzjian (d.b.a. TMS International) (hereinafter "Vick Touzjian") and Defendant Habib Imports, Inc. (hereinafter "Habib"), under the United States Patent Law and the common laws of the State of California, to enjoin the current and prospective infringement of Inhale's patent as well as for unfair competition, and for recovery of monetary damages resulting from those actions.

### **JURISDICTION AND VENUE**

- 2. The First claim for relief arises under the United States Patent Law, United States Code Title 35. Jurisdiction over the subject matter of this claim is vested in this Court under 35 U.S.C. §§271 and 289.
- 3. The Second claim for relief arises under the common laws of the State of California. Jurisdiction over the subject matter of this claim is vested in this Court under 28 U.S.C. §1338(b) in that this claim is joined with a substantial and related claim under the United States Patent Law. Jurisdiction over this claim is also vested in the Court under 28 U.S.C. §1367(a) based upon principles of supplemental jurisdiction.
- 4. A substantial part of the events giving rise to the claims asserted herein occurred in the Central District of California and have caused, and continue to cause, damage to Plaintiff in this District. Second, Defendants conduct substantial business in this Judicial District. Thirdly, on information and belief, Plaintiff alleges that Defendants have advertised, offered for sale, sold, and unless enjoined by this Court, will continue to advertise, offer for sale, and sell products in this Judicial District utilizing a product design as set forth more fully herein. Accordingly, this Court has personal jurisdiction over the Defendants and venue in this District is proper under 28 U.S.C. §§1391(b) and 1391(c).

### THE PARTIES

### A. Plaintiff Inhale

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5. Plaintiff Inhale, Inc. is, and at all times mentioned herein was, a corporation organized and existing under the laws of the State of California, having a principal place of business at 1280 N. Johnson Ave., Suite #100, El Cajon, California 92020. Inhale designs, manufactures, and sells various types of smoking devices and smoking related products, including hookahs, vaporizers, tobaccoless cigarettes, cigars, electronic cigarettes, and cigarette lighters under the federally registered trademark INHALE.

### **B.** The Defendants

- 6. Upon information and belief, Defendant China Hookah is, and at all times mentioned herein was, a company organized and existing under the laws of the country of China, having a principal place of business at No. 998, Jiulong Road, Ningbo, China 315000. Defendant China Hookah is a manufacturer of hookahs.
- 7. Upon information and belief, Defendant Vick Touzjian (d.b.a. TMS International) is, and at all times mentioned herein was, an individual resident of the State of California, having a principal place of business at 19528 Ventura Blvd., Suite 140, Tarzana, CA 91356. Defendant Vick Touzjian is an importer and distributor of products manufactured by Defendant China Hookah.
- 8. Upon information and belief, Defendant Habib is, and at all times mentioned herein was, a corporation organized and existing under the laws of the State of California, having a principal place of business at 7500 14<sup>th</sup> Ave, Suite 17, Sacramento, CA 95820. Defendant Habib is a distributor of hookahs to wholesalers and retailers.

### FACTUAL BACKGROUND

### A. Inhale and its Patent

- 9. Since 1997, Inhale has been an innovator in the design, development, sale, and marketing of hookahs and other smoking devices throughout the United States, Canada, Europe, and Asia.
- 10. A hookah is a smoking device or water pipe that is used to smoke herbs, such as tobacco. The general concept of a hookah has been in existence for centuries with original popularity tracing back to Turkey around the years 1623-1640 where they

- became an important part of coffee shop culture and the preferred way of smoking tobacco. Representative samples of various hookah designs currently available in the marketplace are shown in Exhibit A.
- 11. The current marketplace is filled with a multitude of hookah designers and manufacturers. Inhale has earned a leadership position in the marketplace through years of hard work and substantial investment in the branding and innovative design of its various hookahs. As a result of its endeavors, Inhale has created and owns valuable intellectual property in the form of patents, trademarks, copyrights, and trade secrets. Inhale has grown to be known as a leading innovator of hookah designs.
- 12. On September 19, 2008, Inhale filed a U.S. Design Patent application for one of its hookah designs. The United States Patent and Trademark Office (USPTO) acknowledged the novel, innovative, and unique design of the hookah by awarding Inhale U.S. Patent No. D593,708 (the "'708 Patent"). A true and correct copy of the patent is attached as Exhibit B. The '708 Patent serves as prima facie proof that the design of the hookah is novel and nonobvious.

### **B.** Defendants' Business

- 13. Upon information and belief, Inhale alleges that Defendants operate their business in the following manner:
- 14. Upon information and belief, Inhale alleges that Defendant China Hookah is located in the country of China and is a manufacturer of hookahs.
- 15. Upon information and belief, Inhale alleges that Defendant China Hookah distributes its hookahs throughout five regions: United States and Canada; Australia; East Europe; West Europe; and China. Defendant China Hookah has an independent import and distribution agent in each of the five regions through whom it distributes its hookahs exclusively throughout that region. A purchaser of China Hookah products must make its purchases through the corresponding import and distribution agent in its region.
- 16. Upon information and belief, Inhale alleges that the import and distribution agents are independent from China Hookah. They are not employees or owners of China

- Hookah. They maintain and manage their own independent import and distribution business in their corresponding regions.
- 17. Upon information and belief, Inhale alleges that Defendant Vick Touzjian is located in Tarzana, California and operates as the exclusive independent import and distribution agent of Defendant China Hookah products in the United States, the State of California, and this judicial district.
- 18. Upon information and belief, Inhale alleges that Defendant Habib is located in Sacramento, California and sells hookahs to wholesalers and retailers throughout the United States, the State of California, and this judicial district.
- 19. Upon information and belief, Inhale alleges that Defendant Habib orders China Hookah products through Defendant Vick Touzjian.

### C. Defendants' Wrongful Conduct

- 20. On March 15, 2009, Defendant Vick Touzjian, while in attendance at the 2009 ASD Trade Show in Las Vegas, Navada, promoted and offered to sell a hookah that was confusingly similar to Inhale's patented hookah covered under the '708 Patent. Representative samples of Inhale's Hookah and Defendants' Infringing Hookah are shown in Exhibit C and referred to as "Inhale's Hookah" and "Infringing Hookah", respectively.
- 21. On March 31, 2009, attempting to minimize its damages, Inhale, through counsel, contacted Defendant Vick Touzjian requesting the he cease all promotion and sale of the Infringing Hookah. Attached hereto as Exhibit D, and incorporated herein by reference, is a true and correct copy of Inhale's cease and desist letter.
- 22. On July 2, 2009, Defendant Vick Touzjian, through its counsel, responded to Inhale's correspondence with a letter admitting his promotion of the Infringing Hookah at the 2009 ASD trade show and expressing his intent not to advertise or sell the Infringing Hookah in the future. Attached hereto as Exhibit E, and incorporated herein by reference, is a true and correct copy of Defendant Vick Touzjian's response to Inhale's correspondence.

- 23. By July 2, 2009, information of Inhale's concerns regarding the Infringing Hookah reached Defendant China Hookah through Defendant Vick Touzjian. In response, Defendant China Hookah voluntarily removed information of the Infringing Hookah from its website.
- 24. Satisfied with the response from Defendant Vick Touzjian and Defendant China Hookah, Inhale considered the matter closed.
- 25. But then on or around March 3, 2010, much to its surprise, Inhale discovered that the Infringing Hookah was promoted, offered for sale, and sold during the 2010 ASD trade show in Las Vegas, Nevada.
- 26. Defendant Habib promoted, offered to sell, and sold the Infringing Hookah out of its booth at the 2010 ASD trade show. Attached hereto as Exhibit F, and incorporated herein by reference, is a true and correct copy of a photograph taken by Inhale of the Infringing Hookah being displayed for sale at the booth operated by Defendant Habib at the 2010 ASD trade show.
- 27. Defendant Habib is currently promoting, offering to sell, and selling the Infringing Hookah through its printed products catalog. Attached hereto as Exhibit G, and incorporated herein by reference, is a true and correct copy of the page in Defendant Habib's 2010 products catalog that shows the Infringing Hookah.
- 28. Defendant Habib is currently promoting, offering to sell, and selling the Infringing Hookah through its website. Attached hereto as Exhibit H, and incorporated herein by reference, is a true and correct copy of the section on Defendant Habib's website that shows the Infringing Hookah.
- 29. Defendant Habib has been a customer of Inhale for over five years. Over the years, Defendant Habib has purchased several hookahs directly from Inhale, including Inhale's Hookah claimed in the '708 Patent. Upon purchasing directly from Inhale, Defendant Habib was notified by Inhale that Inhale's Hookah claimed in the '708 Patent was protected by Patent Law in the United States, Europe, and China.
  - 30. With full knowledge that Inhale's Hookah is protected by the '708 Patent,

Defendant Habib willfully chose to promote, offer to sell, and to sell the Infringing Hookah at a lower price than Inhale's Hookah and to pass off the Infringing Hookah as Inhale's Hookah.

- 31. On or around March 3, 2010, Inhale contacted Defendant Vick Touzjian about Defendant Habib's sale of the Infringing Hookah. Defendant Vick Touzjian explicitly denied any involvement or affiliation with Defendant China Hookah in regards to this matter or the Infringing Hookah.
- 32. However, since March 3, 2010, Inhale has confirmed that Defendant China Hookah has resumed promoting, offering to sell, and selling the Infringing Hookah through its website. Attached hereto as Exhibit I, and incorporated herein by reference, is a true and correct copy of the section on Defendant China Hookah's website that promotes and sells the Infringing Hookah.
- 33. Since March 3, 2010, Inhale has also confirmed that Defendant Vick Touzjian is still the exclusive independent import and distribution agent of Defendant China Hookah's products in the United States and Canada. Attached hereto as Exhibit J, and incorporated herein by reference, is a true and correct copy of the section in Defendant China Hookah's website that identifies Defendant Vick Touzjian as the exclusive distributor of its products throughout the United States and Canada.
- 34. As further assurance that Defendant Vick Touzjian is still affiliated with Defendant China Hookah, a representative of Inhale engaged correspondence with Defendant China Hookah via email asking for information specifically for the Infringing Hookah. Defendant China Hookah responded with Defendant Vick Touzjian's information as the primary contact for any orders for the Infringing Hookah. In fact, in the email correspondence, Defendant China Hookah states, "Please email or call Vick...he is very good man and will offer you very good price." Attached hereto as Exhibit K, and incorporated herein by reference, is a true and correct copy of the email correspondence.

### FIRST CLAIM FOR RELIEF

### 1 Federal Patent Infringement Under 35 U.S.C. §271 2 35. Plaintiff repeats and hereby incorporates herein by reference, as though 3 specifically pleaded herein, the allegations of paragraph 1 through 34. 4 36. Inhale is the exclusive owner of the entire right, title, and interest in and to 5 the '708 Patent, including all rights to enforce that patent and to recover for infringement. 6 37. Defendants have been and are presently infringing the '708 Patent within 7 this judicial district and elsewhere by importing, manufacturing, promoting, offering to 8 sell, and selling a hookah incorporating the design of the '708 Patent, which is 9 substantially identical to Inhale's Hookah, which has been made in accordance with the 10 teachings of the '708 Patent. Representative samples of Inhale's Hookah and Defendants' 11 Infringing Hookah are shown in Exhibit C. 12 38. Defendants' Infringing Hookah so resembles Inhale's Hookah claimed in 13 the '708 Patent that an ordinary observer, giving such attention as a purchaser usually 14 gives, would regard the two designs as substantially the same and induce him or her to 15 purchase one supposing to be the other. 16 39. Defendants' Infringing Hookah appropriates the points of novelty of 17 Inhale's Hookah claimed in the '708 Patent. Defendants' Infringing Hookah was not manufactured nor authorized by Inhale. 18 19 40. Defendants will continue to infringe the '708 Patent and irreparably harm 20 Inhale unless the infringing activities are enjoined by this court. 21 41. The actions complained of infringe the '708 Patent in violation of 35 U.S.C. 22 § §271 and 289. 23 42. Inhale has no adequate remedy at law. 43. 24 As a result of Defendants' unauthorized and willful infringement of Inhale's 25 patent rights, Inhale is entitled to Defendants' profits, reasonable attorney's fees, and costs of action. 26 27 44. Defendants' acts of patent infringement have been done with oppression, 28 fraud, and malice thereby entitling Inhale to an award of punitive damages.

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2	SECOND CLAIM FOR RELIEF			
3	<b>Unfair Competition Under Common Law</b>			
4	45. Plaintiff repeats and hereby incorporates herein by reference, as though			
5	specifically pleaded herein, the allegations of paragraphs 1 through 44.			
6	46. Defendants are willfully, fraudulently, oppressively, maliciously, and			
7	unlawfully attempting to pass off, and are passing off the Infringing Hookah as one that i	is		
8	approved and/or authorized by Inhale.			
9	47. Defendants' use of the Infringing Hookah continues to confuse and deceive	Э		
10	consumers as to the source of origin of the hookah for which Inhale has invested			
11	substantial time, effort, and money in developing and further damages to Inhale's			
12	goodwill and reputation.			
13	48. Defendants have been palming off its goods as that of Inhale.			
14	49. The damage suffered by Inhale is irreparable and will continue unless			
15	Defendants are restrained by this Court from the commission of these acts.			
16	50. Defendants' willful, deliberate, and malicious conduct constitutes unfair			
17	competition with Inhale.			
18	51. Such despicable conduct is the reason for Defendants' ability to market and	t		
19	sell the Infringing Hookah.			
20	52. Defendants are being unjustly enriched through such flagrantly unlawful			
21	conduct and should be punished therefore.			
22	53. Inhale has no adequate remedy at law in that the continuing nature of the			
23	unfair competition will result in irreparable damage to Inhale should the Defendant not be			
24	enjoined from its acts of unfair competition.			
25	54. A complete recitation of the damages suffered by Inhale as a result of this			
26	unfair competition must await discovery of Defendants' books and records.			
27	PRAYER FOR RELIEF			
28	WHEREFORE, Plaintiff Inhale prays that this Court grant relief as follows:			
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1	A.	For a judgment that Defendants have infringed Inhale's '708 Patent;			
2	B.	For a judgment that Defendants' use and sale of the infringing hookah			
3	constitute F	alse Designation of Origin, which is likely to cause confusion, mistake, or			
4	deception as	s to the affiliation, connection, or association with Inhale and as to the origin,			
5	sponsorship	, or approval of Defendants' goods by Inhale in violation of 15 U.S.C.			
6	§1125(a);				
7	C.	For a judgment that Defendants' acts of False Designation of Origin have			
8	been willful	;			
9	D.	For a judgment that Defendants' acts complained of herein constitute Unfair			
10	Competition under the common law of California;				
11	E.	For a judgment that Defendants' acts of Unfair Competition under common			
12	law have been willful;				
13	F.	For the grant of permanent injunctive relief enjoining Defendants and all			
14	those in privity, concert, or participation with it from:				
15		i. Infringing or inducing infringement of the '708 Patent;			
16		ii. Unfairly competing with Inhale in any manner whatsoever; and			
17		iii. Engaging in any acts or activities directly or indirectly calculated to			
18		trade upon Inhale's reputation or goodwill, or in any way to compete			
19		unfairly with Inhale;			
20	G.	For a judgment directing that any goods, labels, emblems, or marketing			
21	materials, in the possession or under the Defendants' control which infringe the '708				
22	Patent but not emanating from Inhale, be delivered up and destroyed within ten (10) days				
23	of entry of j	udgment;			
24	Н.	For a judgment against Defendants awarding Inhale damages and lost			
25	profits, incl	ading:			
26		i. All damages sustained by Inhale as a result of Defendants' unlawful			
27		infringement of the '708 Patent, together with appropriate interest on			
28		such damages and that such damages be trebled, pursuant to 35			

1	U.S.C. §§284 and 289; and
2	ii. All damages sustained by Inhale on account of unfair competition,
3	lost business opportunities, and any other damage suffered by Inhale
4	as a result of Defendants' acts described in this complaint, and that
5	such damages be trebled;
6	I. For an order that Defendants pay to Plaintiff general damages in an amount
7	to be proven;
8	J. For finding that Defendants' conduct was oppressive, malicious, and
9	fraudulent and an award of punitive damages;
10	K. For an award of Inhale's costs and reasonable attorney's fees pursuant to 15
11	U.S.C. §1117;
12	L. For an award of any other relief as the Court deems just and proper.
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15	DATED: April 5, 2010
16	247
17	By:
18	Louis F. Teran
19	Attorney for Inhale, Inc.
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**DEMAND FOR JURY TRIAL** Plaintiff hereby demands trial by jury as provided by Rule 38(a) of the Federal Rules of Civil Procedure. DATED: April 5, 2010 By:\_ Louis F. Teran Attorney for Inhale, Inc. 

## **EXHIBIT** A







## EXHIBIT B

US00D593708S

### (12) United States Design Patent

Chaoui

(10) Patent No.:

US D593,708 S

(45) Date of Patent:

\*\* Jun. 2, 2009

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(76) Inventor: Rani A. Chaoui, 1280 N. Johnson Ave., Suite #100, El Cajon, CA (US) 92020

(\*\*) Term: 14 Years

(21) Appl. No.: 29/310,936

(22) Filed: Sep. 19, 2008

(51) LOC (9) Cl. ...... 27-02

See application file for complete search history.

(56) References Cited

### U.S. PATENT DOCUMENTS

D256,508 S		8/1980	Graham	D27/162
D372,335 S	۰	7/1996	Clark	D27/162
D547,902 S	*	7/2007	Kassir	D27/162

D548,398 S \* 8/2007 Chaoui ....... D27/162

\* cited by examiner

Primary Examiner—Jennifer Rivard (74) Attorney, Agent, or Firm—Louis F. Teran

(57) CLAIM

I claim the ornamental design for the hookah, as shown and described.

#### DESCRIPTION

FIG. 1 is a front view of the hookah.

FIG. 2 is a right side view thereof.

FIG. 3 is a left side view thereof; and,

FIG. 4 is a back side view thereof.

The hookah is disclosed separately for convenience of illustration.

### 1 Claim, 4 Drawing Sheets



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U.S. Patent

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Sheet 1 of 4



FIG. 1

U.S. Patent Jun. 2, 2009

Sheet 2 of 4



FIG. 2

U.S. Patent Jun. 2, 2009

Sheet 3 of 4



FIG. 3

U.S. Patent Jun. 2, 2009 Sheet 4 of 4



FIG. 4

## **EXHIBIT** C

## INHALE'S HOOKAH



# INFRINGING HOOKAH



## EXHIBIT D



### STRATEGIC LEGAL COUNSELING

PATENT, TRADEMARK & SMALL BUSINESS ATTORNEYS

1055 East Colorado Blvd, Suite #500 Telephone: (800) 752-8470 Pasadena, CA 91106 Telephone: (806) 665-8877

www.strategiclegalcounseling.com

March 31, 2009

T.M.S. International Attn: Vick Touzjian 19528 Ventura Blvd. Suite #140 Tarzana, CA 91356

### RE: CEASE AND DESIST ALL INFRINGEMENT ON INHALE'S INTELLECTUAL PROPERTY RIGHTS

Dear Mr. Touzjian:

I represent Inhale, Inc. (hereinafter "Inhale") in intellectual property matters. Inhale designs, manufactures, and sells the original and ornamental hookahs that are at issue in this matter.

It has been brought to my attention that you have been marketing, promoting, selling, and offering to sell at least two hookah designs that infringe on Inhale's intellectual property rights. I spoke to you via the telephone on the morning of March 15, 2009 at the request of my client after he noticed that you were displaying one of the infringing hookahs in your booth at the ASD trade show in Las Vegas. During our phone conversation you claimed the hookah to be a sample only and that you did not recall the source from which you acquired it.

Our investigation has revealed that you intentionally misrepresented the facts on this matter. We have discovered that TMS International, the company you represent, is the exclusive US distributor for China Hookah Limited Company (hereinafter "China Hookah").

### Copyright, Patent, and Trademark Rights of Inhale

Inhale's hookahs are original designs. Inhale's hookahs are therefore protected by United States Copyright Law. Furthermore, Inhale has applied for Patents in the United States, China, and Europe for each of its designs. Finally, Inhale has applied for United States Trademark for several of its hookah brands. Exhibit A, attached for your reference, shows a copy of two hookah designs that belong to Inhale and that are at issue in this matter.

### The Infringing Hookah Offered for Sale by You

Our investigation has revealed that China Hookah has manufactured, advertised, offered for sale, and/or sold hookahs that incorporate features protected by Inhale's intellectual property rights. These hookahs are displayed on the China Hookah website. As shown on Exhibit B, you and TMS International, the company you represent, are expressly identified on the China Hookah website as the United States distributor for China Hookah products. Therefore, we must conclude that you have advertised, offered for sale, and/or sold hookahs that incorporate features protected by Inhale's intellectual property rights. Exhibit C shows pictures of your infringing hookahs and is attached for your reference.



### STRATEGIC LEGAL COUNSELING

PATENT, TRADEMARK & SMALL BUSINESS ATTORNEYS

1055 East Colorado Blvd, Suite #500 Telephone: (800) 752-8470 Pasadena, CA 91106 Telephone: (806) 665-8877

www.strategiclegalcounseling.com

### Infringement of Inhale's Intellectual Property Rights

Your infringing hookahs embody features and/or combination of features covered by Inhale's intellectual property. Your advertising, offering for sale, selling, importing, exporting, or otherwise dealing in or with the infringing hookah online and/or otherwise have infringed Inhale's intellectual property rights.

Further, your infringing hookah will mislead or confuse consumers or have misled or confused consumers into believing that your infringing hookah is that of Inhale or is associated with or endorsed by Inhale. This constitutes a violation of Unfair Competition laws in California and the United States.

### Inhale's Demands

Inhale takes its copyright, patent, and trademark rights very seriously and does NOT tolerate any infringement. Therefore, we must insist that you immediately cease marketing, importing, selling, and distributing any of the infringing hookahs. All photos and references to the hookah on your website and/or any marketing collateral must be removed immediately.

Continuation of use of the infringing hookahs without explicit permission from Inhale will be deemed a willful violation of Inhale's intellectual property rights.

Based on the seriousness of this matter, I must respectfully request that you respond to this letter no later than **May 4, 2009**, with acknowledgement, confirmation, and proof that you have ceased infringing on Inhale's intellectual property rights.

Inhale is hopeful that this matter can be resolved expeditiously and amicably. Failure to respond to this letter by May 4, 2009, may force Inhale to file a lawsuit against you. **I strongly advise that you make your attorney aware of this matter as soon as possible.** Nothing in this letter should be construed to limit Inhale's rights or remedies.

Respectfully submitted,

Louis F. Teran Attorney at Law.

Tel. 818-484-3217 x200

lteran@strategiclegalcounseling.com

## EXHIBIT E

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### SPECIALE & BURTON

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

21300 VICTORY BOULEVARD, SUITE 820 WOODLAND HILLS, CALIFORNIA 91367 [818] 884-8525 FAX (818) 884-0806 JOHN D. SPECIALE e-mail: [speciale@speciale-burton.com STEVEN É. BURTON e-mail: sburton@speciale-burton.com

July 2, 2009

### VIA U.S. MAIL AND FACSIMILE

Louis F. Teran, Esq. Strategic Legal Counseling 1055 E. Colorado Blvd., Ste. 500 Pasadena, CA 91106

Re:

Your client:

Inhale, Inc.

Our client:

TMS International

Dear Mr. Teran:

This is in reply to your letters of March 31, 2009 and June 24, 2009.

First, I apologize for any delay in getting back to you. After returning from a two week vacation in late April, I was swamped with work and facing two cases going to trial in early June. Therefore any lack of response was not related to TMS ignoring your March 31, 2009 letter and any suggestion that there has been a willful infringement (or any infringement for that matter) is completely without merit.

As you know, Mr. Touzjian was at a tradeshow in Las Vegas in March 2009 and had with him a sample of a hookah that resembled the "Reaper" hookah that your client claims infringed his intellectual property rights. Mr. Touzjian immediately removed the sample from his booth. The item was never sold.

The website that you refer to in your email is owned and controlled by China Hookah. TMS has nothing to do with the content on that site, either now or in the past. However, TMS has been informed that the hookahs that you refer to in your March 31, 2009 letter, resembling the "Magic" and "Reaper" hookahs were removed from that site in early April 2009, which you can verify on your own. Additionally, neither of the hookahs that you refer to have ever been on TMS's own website. TMS has never purchased and never sold any of the allegedly offending hookahs, nor does it ever intend to advertise or sell them in the future.

Finally, it has come to my client's attention that your client is informing or insinuating to others that my client is engaged in patent infringement and is suing or intends to sue my client. As noted above, my client has not engaged in any acts constituting patent

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PAGE 03/03

Louis F. Teran, Esq. July 2, 2009 Page 2 of 2

infringement or any acts that can be construed as infringing on any of your client's intellectual property rights. Accordingly, if these reports are true, your client is engaging in conduct amounting to defamation and my client will take all necessary steps to protect its legal rights against these slanderous remarks.

I trust this responds to all of your client's concerns that you have articulated in your correspondence. If you have any further questions, please address them to me directly.

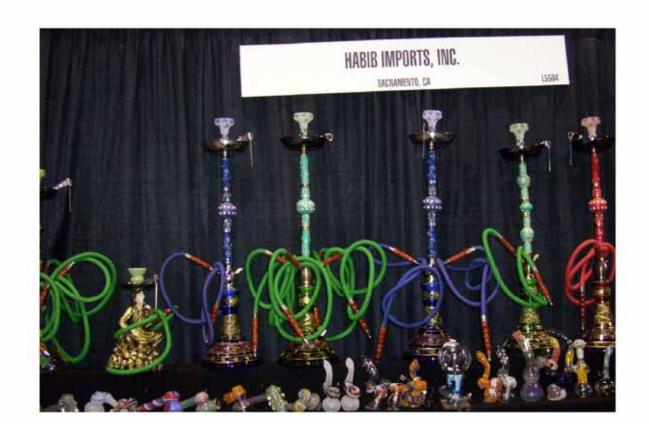
STEVEN E. BURTON

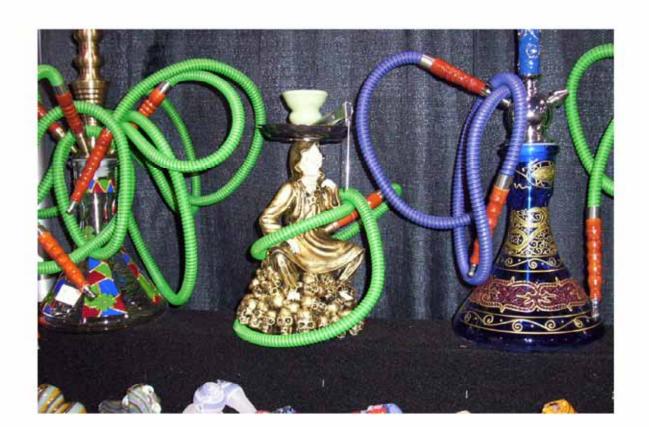
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Regards

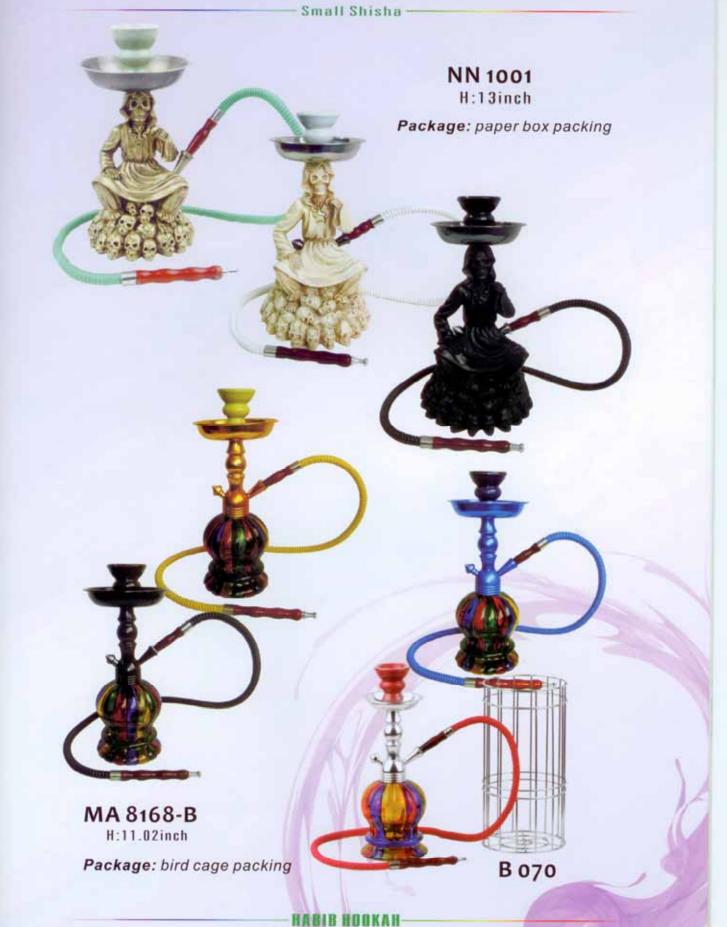
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## EXHIBIT F





## EXHIBIT G



## EXHIBIT H

DIRECTORY

\*\*\*THE BILLING AND SHIPPING ADDRESS MUST BE THE SAME. WE WILL NOT SHIP TO A DIFFERENT SHIPPING ADDRESS. THE ADDRESS MUST MATCH THE ADDRESS ASSOCIATE WITH YOUR CREDIT CARD.\*\*\*

http://www.wholesalecentral.com/habib/store.cfm?event=itemdetail&itemid=993424&returnto=h...

HABIB IMPORTS

\*\*\*PLEASE ENTER YOUR CREDIT CARD CVV CODE IN THE COMMENTS/QUESTIONS FIELD\*\*\*

\*New Products\*\*

View Cart Whip Its

Check Out

Wallet

Quantity:

Toys

Swords

About Us

Clothing Closeout Airsoft Guns Knife Categories General Merchandise Adults: Movies, DVD, Magazines Money Clips ighters\*\*\*OK TO SHIP\*\*\* dabib Hookahs ighters\*\*\*WE DO NOT Search Our Store

Minimum Order: \$150.00

Item # • Description

NN 1001. Hookah

13 inch hookah

Color: \$ 39.95 Gray each Unit:

Add To Cart Keep Shopping

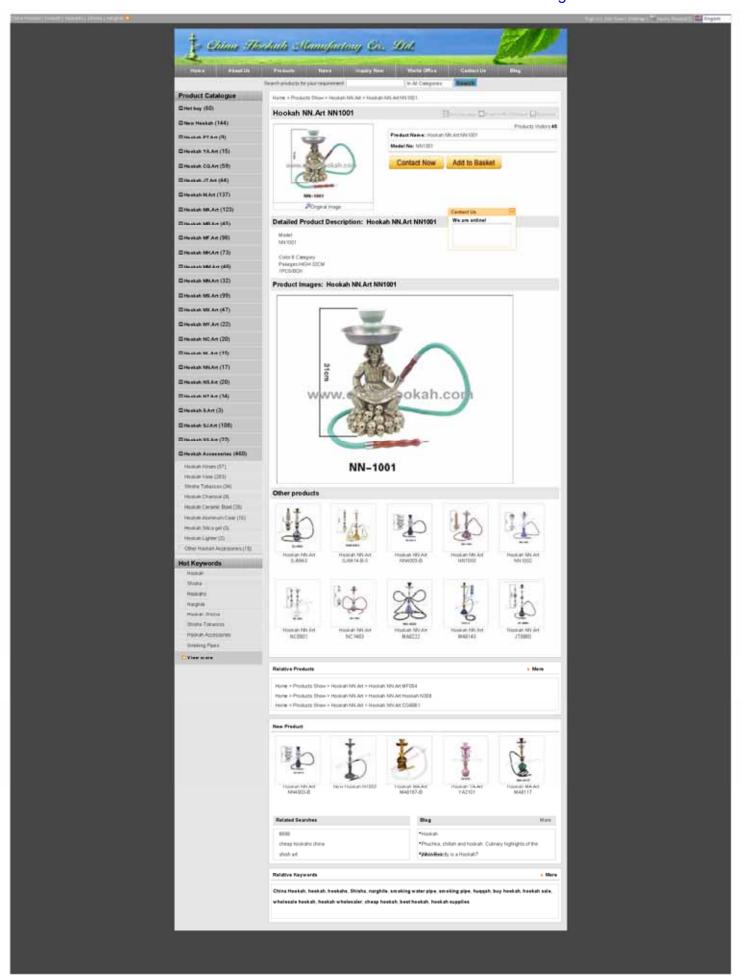


1 of 2

WITH YOUR CREDIT CARD.\*\*\*

# EXHIBIT I

Hookah NN.Art NN1001 - China Hookah, hookah, hookahs, Shisha, narghi...

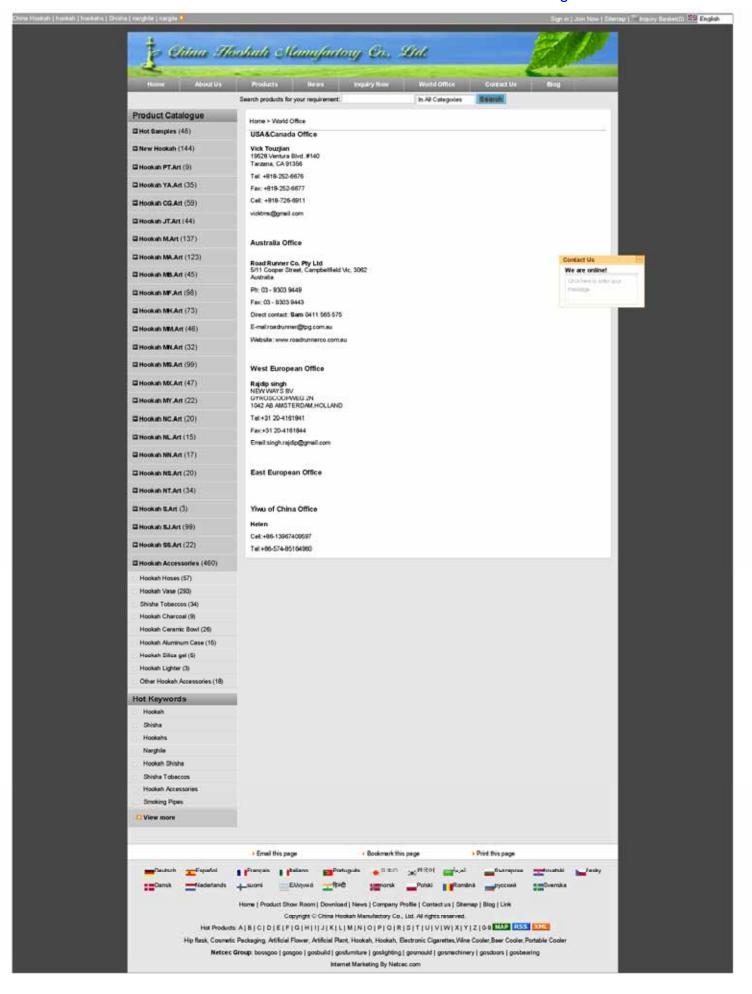


1 of 2 3/3/2010 3:31 PM

## EXHIBIT J

World Office

#### Case 2:10-cv-02453-R-MAN Document 1 Filed 04/05/10 Page 41 of 48



1 of 1 3/3/2010 3:33 PM

## EXHIBIT K

Re: hookah offer

#### Case 2:10-cv-02453-R-MAN Document 1 Filed 04/05/10 Page 43 of 48

#### Re: hookah offer

From: Kelly-sales <sales@complant.net>

To:

Cc: chinahookahusa@gmail.com, Vick Touzjian <vicktms@gmail.com>

Subject: Re: hookah offer Date: Mar 9, 2010 11:45 PM

Dear Leon.

Thanks so much for your email.

Please email:chinahookahusa@gmail.com or call Vick,

Cell:818-726-6911

Tel:818-894-1414

Fax:818-894-1454

He is very good man and will offer you very good price.

Thanks and best regards

Kelly

---- Original Message -----

From: LT

To: LT; Kelly-sales; vicktms@gmail.com Sent: Wednesday, March 10, 2010 2:20 PM

Subject: Re: hookah offer

Kelly,

Looks like the people you referred me to don't want to response.

I am really interested in your NN1001 hookah. Can you send me info on price and where to buy?

----Original Message----

From: LT

Sent: Mar 6, 2010 1:02 AM

To: LT , Kelly-sales , vicktms@gmail.com

Subject: Re: hookah offer

I was refered to you by Kelly below.

I am looking for info on that new cool hookah with the grim reaper. I guess the part number from your website is NN1001. I just opened a smoke store in Key West, Florida. I want my shop to only carry cool hookahs like this, I am not into the other scientific looking hookahs.

I you can please send me pricing info on this hookah and any other hookah similar to this.

Kelly said you have a store in the US. Where is it? Can I stop by to check it out?

thanks Leon

----Original Message-----

From: Kelly-sales

Sent: Mar 3, 2010 6:37 PM To: lt26@peoplepc.com Cc: chinahookahusa@gmail.com

Subject: hookah offer

3/29/2010 11:19 AM 1 of 3

#### Case 2:10-cv-02453-R-MAN Document 1 Filed 04/05/10 Page 44 of 48

Dear my friend,

Thanks so much for your email.

We have offfice in USA. His information is as follows:

Cell:818-726-6911

Tel:818-894-1414

Fax:818-894-1454

Email: chinahookahusa@gmail.com

vicktms@gmail.com

Regards

Kelly

Tel:0086-574-27896233

Fax:0086-574-27896220

---- Original Message ----

From: h26@pcoplepc.com

To: supply@complant.net

Sent: Thursday, March 04, 2010 8:31 AM

Subject: Buyer inquiry Notice (Net Volution Supply)!



#### Dear Jacky Zhang - China Hookah Manufactory Co., Ltd.

Paradise Smoke has New Business Opportunity for you. Who is interesting your products from <a href="http://www.chinahookah.com">http://www.chinahookah.com</a>.

#### Company Information:

Date: 2010-03-03 17:31:38

Subject: Hookah NN.Art NN1001

http://www.chinahookah.com/showing\_3086/Hookah-NN-Art-NN1001.html

Message: This a very cool design. Can you send me pricing info?

Do you have any more designs like this or similar to this?

I am a new distributor in Key West, Florida. I want my products to stand out of the

ordinary. This design stands out. I need more of these kinds of designs.

Attachments:

Source: http://www.chinahookah.com/Hookah-NN-Art-NN1001-1843.html

2 of 3

### UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA

#### NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Manuel Real and the assigned discovery Magistrate Judge is Margaret A. Nagle.

The case number on all documents filed with the Court should read as follows:

CV10- 2453 R (MANx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

Unless otherwise ordered, the Uni hear and determine all discovery r	<del>_</del>	to this case will
	NOTICE TO COUNSEL	
A copy of this notice must be served with the filed, a copy of this notice must be served on	e summons and complaint on all defenda n all plaintiffs).	ants (if a removal action is
Subsequent documents must be filed at the	following location:	
[X] Western Division 312 N. Spring St., Rm. G-8 Los Angeles, CA 90012	Southern Division 411 West Fourth St., Rm. 1-053 Santa Ana, CA 92701-4516	Eastern Division 3470 Twelfth St., Rm. 134 Riverside, CA 92501
Failure to file at the proper location will result in you	our documents being returned to you.	

Name & Address:	ent i Filed 04/05/10 Page 46 0i 48
UNITED STATES I	
INHALE, INC., a California Corporation	CASE NUMBER
PLAINTIFF(S) V.	CV 10-02453-R(MARIX
CHINA HOOKAH MANUFACTURING CO. LTD., a company located in China; VICK TOUZJIAN (d.b.a. TMS International), an individual residing in California; HABIB IMPORTS, INC., a California Corporation DEFENDANT(S).	SUMMONS
TO: DEFENDANT(S): NAMED ABOVE	
must serve on the plaintiff an answer to the attached ☑ counterclaim ☐ cross-claim or a motion under Rule 1 or motion must be served on the plaintiff's attorney, Lo Strategic Legal Counseling, 1055 East Colorado Blvd.,	2 of the Federal Rules of Civil Procedure. The answer uis F. Teran , whose address is Suite #500, Pasadena, CA 91106 . If you fail to do so,
judgment by default will be entered against you for the ryour answer or motion with the court.	relief demanded in the complaint. You also must file
Dated: F5 APR 2010	Clerk, U.S. District Court  By:  Doputy Clerk
	(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

CV-01A (12/07) SUMMONS

### Casenated states district court central filest recost act and 48

					CIVIL COVE	R SHEET	•						
I (a) PLAINTIFFS (Check box if you are representing yourself □) INHALE, INC., a California Corporation				Ι	DEFENDANTS CHINA HOOKAH MANUFACTURING CO. LTD., a company located in China VICK TOUZJIAN (d.b.a. TMS International), an individual residing in California HABIB IMPORTS, INC., a California Corporation								
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)				representing A	Attorneys (If Known)								
Louis F. Teran (SB #249494) Strategic Legal Counseling 1055 East Colorado Blvd., Suite #500, Pasadena, CA 91106													
				NSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only  n X in one box for plaintiff and one for defendant.)									
☐ 1 U.S. Government Plaintiff  ✓ 3 Federal Question (U.S. Government Not a Party)		I		PTF □ 1	DEF □ 1	Incorporated or P of Business in thi	•	<b>PTF</b> □ 4	DEF □ 4				
☐ 2 U.S. Government Defendant ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)		Citizen of Another State		□ 2	□ 2	Incorporated and of Business in Ar		e □ 5	□ 5				
					Citizen or Subject	of a For	eign Country	□ 3	□ 3	Foreign Nation	<del></del>	□6	□6
IV. O	RIGIN (Place an X in on	e box oi	nly.)										
Image: Proceeding Proceeding       □ 2 Removed from Proceeding       □ 3 Remanded from Appellate Court       □ 4 Reinstated or Reopened       □ 5 Transferred from another district (specify):       □ 6 Multiplication       □ 7 Appeal to District Judge from Magistrate Judge													
V. RE	QUESTED IN COMPL	AINT:	JURY DEMAND: 🗗	'es □	No (Check 'Yes'	only if de	manded in com	plaint	t.)				
CLAS	S ACTION under F.R.C	.P. 23:	□ Yes 🖪 No		□м	ONEY D	EMANDED I	N CO	MPLA	AINT: \$			
VI. C	AUSE OF ACTION (Cite	the U.	S. Civil Statute under which	ch you a	are filing and write	a brief st	atement of cau	se. Do	o not c	ite jurisdictional sta	atutes unless d	iversity.)	)
Т	rademark Infringement &	Cyber	Piracy under U.S.C. 1114(	(1), 112	5(a),(d); and trade	nark infr	ngement under	r CA I	aw				
VII. N	ATURE OF SUIT (Plac	e an Xi	in one box only.)										
O	THER STATUTES		CONTRACT		TORTS		TORTS			PRISONER	L/	BOR	1446
□ 400	State Reapportionment	□ 110	Insurance	PEF	RSONAL INJURY		PERSONAL			PETITIONS	□ 710 Fair I	abor Sta	
	Antitrust		Marine		Airplane	1	PROPERTY	l	□ 510	Motions to	Act		
	Banks and Banking		Miller Act	□ 315	Airplane Product	1	Other Fraud	ļ		Vacate Sentence	□ 720 Labo	r/Mgmt.	
□ 450	Commerce/ICC		Negotiable Instrument		Liability	1	Truth in Lend	~ ;		Habeas Corpus	Relat		
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	and Corrupt	m 151	Judgment Medicare Act	□ 340	Marine	<sub>D</sub>	Product Liabi ANKRUPTCY	- 1	7 550		☐ 740 Railv		r Act
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	USC 3410	□ 160	Stockholders' Suits	□ 362	Personal Injury-	□ 442	Employment	0	□ 625	Drug Related	□ 840 Trade	mark	
	•		Other Contract		Med Malpractice	□ 443	Housing/Acc	0-		Seizure of	SOCIAL		TY
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FOR OFFICE USE ONLY: Case Number:

CV 10-02453

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

### Casenatied strates district Court court raif destract of Carporaga 48 civil cover sheet

VIII(a). IDENTICAL CASES: Has If yes, list case number(s):	this action been pr	eviously filed in this court ar	nd dismissed, remanded or closed? ☑ No ☐ Yes				
VIII(b). RELATED CASES: Have If yes, list case number(s):	any cases been pre	eviously filed in this court that	at are related to the present case? • No □ Yes				
□ C. 1	Arise from the same Call for determinati For other reasons w	e or closely related transactio on of the same or substantial ould entail substantial duplic	ons, happenings, or events; or Ily related or similar questions of law and fact; or cation of labor if heard by different judges; or c, <u>and</u> one of the factors identified above in a, b or c also is present.				
IX. VENUE: (When completing the	-		f necessary.)  if other than California; or Foreign Country, in which <b>EACH</b> named plaintiff resides.				
			this box is checked, go to item (b).				
County in this District:*			California County outside of this District; State, if other than California, or Foreign Country INHALE, INC San Diego County				
			If other than California; or Foreign Country, in which EACH named defendant resides.  If this box is checked, go to item (c).				
County in this District:*			California County outside of this District; State, if other than California; or Foreign Country				
VICK TOUZJIAN - Los Angeles County			CHINA HOOKAH MANUFACTURING CO. LTD China HABIB IMPORTS, INC Sacramento, CA				
(c) List the County in this District; ( Note: In land condemnation ca	•		if other than California; or Foreign Country, in which <b>EACH</b> claim arose.				
County in this District:*			California County outside of this District; State, if other than California; or Foreign Country				
Los Angeles County, California							
* Los Angeles, Orange, San Bernar Note: In land condemnation cases, us			San Luis Obispo Counties				
X. SIGNATURE OF ATTORNEY (	OR PRO PER):	1/1	Date 4/5/2010				
Notice to Counsel/Parties: The or other papers as required by law	e CV-71 (JS-44) C v. This form, appro-	ved by the Judicial Conferenc	rmation contained herein neither replace nor supplement the filing and service of pleadings see of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed ting the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)				
Key to Statistical codes relating to So	cial Security Cases	:					
Nature of Suit Code	Abbreviation	Substantive Statement o	f Cause of Action				
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))					
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)					
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))					
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))					
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.					
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))					

CV-71 (05/08) CIVIL COVER SHEET Page 2 of 2